



# The Ground Has Shifted

## A Framework for Retail Strategy in a Disoriented Economy

A TRR Special Report on the Consumer in Crisis

**Disorientation • Fragmentation • Fluidity**

A retail strategy framework for navigating the crisis consumer.

**Sarah Holbrook**

Contextual Futurist, Association of Professional Futurists; Adjunct Professor, School of Graduate Studies, Fashion Institute of Technology

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# Executive Summary

**The retail landscape of mid-2026 is defined by a convergence of macroeconomic and consumer disruptions: surging inflation, energy, and lingering freight shocks from the prolonged closure of the Strait of Hormuz, AI uncertainty, and historically high tariffs, now fully passed through to shoppers.**

Consumer behavior is mixed. In April, retail sales rose, but the gain was concentrated at gas stations (up 2.8 percent) and is unadjusted for inflation, masking underlying price-driven spending.

Beneath the uneven spending lies a deepening agitation across many economic and demographic segments. Discretionary spending in the “upper leg of the K-shaped economy” is strong, driven by a buoyant equity market, while record credit card and student loan delinquencies, the largest SNAP benefit cuts in U.S. history, and rapidly increasing medical debt are some of the many stressors generating systemic consumer pressure.

This report argues that these factors, while individually significant, combine into a simultaneous squeeze across regions, demographics, and generations. Inflation and insecurity coexist, with continued and even spectacular spending in some segments and quiet economic collapse at the bottom. The result? A consumer in crisis.

Inflation and insecurity coexist — with continued spending in some segments and **quiet economic collapse at the bottom.**

# What's Impacting Retail

Here are eight key facts currently impacting retail — without embellishments or opinions.

## Inflation

The U.S. inflation rate ([CPI](#)) hit 4.2 percent year-over-year in May 2026, the highest since April 2023, driven by energy costs, which have risen [23.5 percent](#) over the same period. The prices of raw materials and manufacturing inputs, as measured by the Producer Price Index (PPI), rose [6 percent annually](#) in the same period, the largest gain since December 2022. Wholesale price increases inevitably impact retail prices.

## The Strait of Hormuz

The strait, through which [25 percent](#) of the world's seaborne oil and twenty percent of its liquid natural gas (LNG) once flowed, has been closed for months. While a tentative memo of agreement has been negotiated, the lingering effects of a [25 percent](#), months-long drop in ship transit, with the resultant freight cost increases, will continue to impact retail prices for weeks and months. As of June 15, 2026, the day after the memo of agreement was announced, the median price of U.S. diesel fuel was \$5.08 per gallon according to AAA, up from \$3.47 before the start of the war. In the Federal Reserve's June [Beige Book](#), the Richmond Fed shared anecdotal evidence on the impact of the diesel price jump, saying "It raised red flags about coming inflation." A Richmond fuel distributor told researchers that their price had increased 125 percent in the past month, adding, "Everything gets to the consumer with diesel."

## Tariffs

Tariffs are now at their highest average rate since the early 1940s at 11.8 percent. The Federal Reserve Bank of Dallas reports that the cost of tariffs is subject to a "full pass-through" to customers; companies are no longer absorbing or sharing the tariff costs.

## Retail Sales

Following a 1.6 percent rise in March, retail sales rose another [0.5 percent](#) in April, generating positive headlines. Examining the numbers closely reveals that sales at gas stations jumped the most (up 2.8 percent) as Americans paid more at the pump. The robust sales data not only reflect the increase in prices due to inflation but also show that consumers continue to spend on both necessities and discretionary items despite price increases.

### Credit Card Debt

In reporting from the [New York Fed's May 2026](#) report on household debt, 90+ days credit card delinquencies are at 13.1 percent, a 15-year high. Buy now, pay later debt, largely invisible to credit bureaus, shows nearly half of users are missing payments, up 13 percentage points in two years. Nearly half of [BNPL](#) users are paying late, and approximately 54 percent say they wouldn't make ends meet without it.

### Student Loans

Student loan delinquency has reached [nearly 25 percent](#), up from nine percent in 2019. A borrower enters full default every [nine seconds](#), according to the Century Foundation. The current administration recently eliminated the [SAVE Plan](#), leaving as many as seventeen million more student loan borrowers at risk of default.

### SNAP

On June 1, hundreds of thousands of SNAP beneficiaries began losing benefits as legislated in The Big Beautiful Bill, resulting in the [largest reduction](#) to food assistance in U.S. history. The Congressional Budget Office projects that the cuts will impact [2.4 million people](#) over a decade.

### Medical Debt

Over 100 million Americans now carry medical [debt](#). The numbers are only expected to [increase](#) as the rate of uninsured Americans rises following subsidy cuts and dramatic price increases.

A borrower enters full default **every nine seconds** — and 100 million Americans now carry medical debt.

# Why These **Facts Matter**

On their own, any of these factors is powerful enough to impact the retail industry. When combined, they demonstrate something systemic: a simultaneous squeeze on consumers across regional, demographic, and generational segments. This squeeze intersects with a roiling macro-environment already destabilized by war, technological acceleration, and political volatility. Consumers are not responding uniformly or consistently. Crisis consumers are moody and mercurial, flummoxing retail's formulaic anticipatory systems and merchandising plans.

While this perception is gloomy, this is not a recession. This is a period in which inflation and insecurity coexist with continued spending in some segments, spectacular consumption in others, and quiet economic dissolution at the bottom. In this scenario, standard planning assumptions do not hold. The question is not how to survive this retail flux; it is how to build a strategy within a consumer landscape that is genuinely and structurally amorphous.

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## SECTION 03

# The **Backbone**

Despite the flux, there is solid ground beneath the retail landscape. The structural system supporting the crisis consumer is like a retail spine. The metaphorical disks in this consumption backbone are Walmart, Costco, and Amazon — the companies that support the logistics of routine purchasing for the bulk of consumers across segments. Convenience, price consistency, and replenishment capabilities are the bedrock beneath an otherwise precarious retail environment.

The retailers who make up the backbone may expand, contract, or compact over time, but in an economy serving a crisis consumer, the constraint presented by this dominant group is a ballast for other retailers to design around. The primary strategic question for the retail industry is: Given that the backbone exists and your customer relies on it, what is your brand uniquely capable of doing in this current environment that the backbone isn't?

Serving the crisis consumer requires brands to define their value proposition around **what they can uniquely offer that the backbone cannot.**

# The Crisis Consumer

Due to a climate of systemic uncertainty, today's crisis consumer is not responding uniformly or consistently to current events. Rather, they navigate along a spectrum of financial pressure, responding from a shifting, rather than fixed, economic or emotional point. We have illustrated this behavioral shift with a "Crisis Consumer Matrix," comprised of four archetypal consumer modes.

To succeed in this disoriented economy, retailers need to comprehensively understand the consumer while recognizing that the same consumer drifts across and between the archetypal modes. Understanding the movement between the modes is more useful than profiling the newly fluid, individual consumer. The modes differ from demographic segmentation — they are positions on a spectrum of financial, social, and psychological pressures that influence engagement with the macro-environment.

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## SECTION 05

# Archetypal Consumer Modes

Today's crisis consumer shifts among three of four modes: Luxxiety, Valuist, and Autopilotist, depending on shifting moods and circumstances. Our fourth consumer mode, Subsistentist, is not a flexible position — it is where consumers land when they exit the consumer market.

**Luxxiety** A consumer accustomed to spending freely, but increasingly anxious because of the rapid rate of change and underlying uncertainty.

**Valuist** A price-conscious consumer on steroids — striving to glean maximum value from every transaction.

**Autopilotist** A consumer determined to maintain an orderly shopping profile despite financial disruptions and challenges.

**Subsistentist** The vanishing consumer; one who can no longer keep up with rising prices and pressures. Rather than waiting in grocery and gas lines, they are queuing at food banks. The consumer in the subsistent mode no longer has the option to shift between other positions.

# The Crisis Consumer Matrix

These are not consumer profiles, but postures shaped by current events and personal circumstances. The crisis consumer moves freely among three modes (dotted borders). The Subsistentist mode has no mobility — it is bounded by a solid border.

## Luxxiety

In the Luxxiety mode, we link two groups of spenders: luxury and anxious consumers. The luxury segment spends unapologetically because they want to, and they can. Anxious spenders shop reluctantly, either as a treat or a relief valve. Uncertainty for this consumer accelerates rather than suppresses purchasing. Both Luxxiety mode shoppers use the backbone for replenishment and reserve their discretionary budget for brands that make them feel rewarded, entitled, or belong to an inner circle.

## Autopilotist

The Autopilotist mode is focused on carrying on normally, despite financial challenges. This consumer uses routine to counter the disrupted macro-environment. They replenish on autopilot; the can of pumpkin in the pantry is replaced as soon as the spot where it belongs is empty. Consumer loyalty within this mode is pragmatic: Consumers stay true until a competitor makes the journey easier, more efficient, or cost-effective, then they move on to the alternative.

## Valuist

Consumers operating in the Valuist mode are doing constant mental math. Consumers who migrate here may have been considered price-conscious, but this term understates the overactive nature of their conditional relationship with crisis retail. They strive to optimize every purchase. Premium is an argument they will accept, but only if the math adds up.

## Subsistentist

The Subsistentist mode belongs to the Americans who have exited formal retail altogether, those for whom the June 2026 changes to SNAP benefit and Medicaid qualifications, the cost of groceries, and exhausted credit have replaced the question of where to shop with that of how to feed their families. Consumers in this mode survive with the help of food banks, aid networks, and dollar stores. The Subsistentist should not be overlooked or erased. There are a lot of them, growing daily.

--- Mobile — consumer moves freely between these modes  
 — Fixed — no mobility

# A Strategy for Fluidity

When you consider the mindsets driving the three mobile archetypes, you can begin to see how the consumer in crisis moves fluidly between these modes. For example, the Valuist who optimizes every grocery run is the same shopper who may slip into Luxxiety when captivated by an irresistible dress in a shop window. A Luxxiety mom who has just watched the gas pump tick over \$100 shifts into Valuist mode, deciding to cancel the dinner reservation and pick up a frozen pizza at the grocery store instead.

The Autopilotist, normally buying a new bottle of olive oil only after the last drop falls, can't resist turning into a Valuist, buying five bottles at once — it is a bargain. These are not different people. None of our shoppers has changed personalities; they are the same person at different moments in a period of sustained, compounding pressure. Individual consumers move between the segments as their circumstances, moods, and motivations change.

We are not suggesting that brands abandon their demographic profiling models. We are identifying an emotional layer, driven by financial and external disruptions, that now exists between the retailer and the consumer. This layer influences consumer behavior. Recognizing this dynamic while leveraging a brand's strategic advantage within an environment shaped by both the constraints and benefits of the retail backbone creates an opportunity for the brands that parlay this complexity and then proceed accordingly.

The retail ground has shifted. Standard planning assumptions do not hold. The question is not how to survive this retail flux — it is how to build a strategy within a consumer landscape that is genuinely and structurally amorphous.

**Target the mode,** and you will find your consumer.

# Addressing the **Subsistentist**

The weakening consumer has lost the luxury of choice. Other consumers migrate between modes; the Subsistentist mode offers no such mobility. These consumers remain in it until they break out — and not all will. But when they do reenter the market, a brand's responsiveness during the crisis can shape where they shop. This group is not vanishing; it is trapped. Goodwill earned today may compound into tomorrow's loyalty.

## Key **Takeaways**

Traditional planning assumptions no longer apply. The strategic challenge is not merely surviving the flux, but building a durable value proposition atop the retail backbone for a consumer whose behavior is genuinely, structurally, and (hopefully) temporarily amorphous.

**01 This is a squeeze, not a recession.**

The pressure is simultaneous across every region, demographic, and generation, even as spending continues, and in some segments, accelerates.

**02 The consumer is in a position, not a static profile.**

Shoppers drift between the modes of the Crisis Consumer Matrix as circumstance and mood dictate. Target the mode, and you will find your consumer.

**03 The backbone is ballast, not a rival.**

Walmart, Costco, and Amazon execute routine consumption for nearly everyone. Design around that dependency rather than against it.

**04 Your value proposition answers one question:**

What can your brand do that the backbone cannot?

WRITTEN BY

**Sarah Holbrook**

Contextual Futurist, Association of Professional Futurists  
Adjunct Professor, School of Graduate Studies, FIT

ABOUT THE AUTHOR

Sarah Holbrook is a contextual futurist and TRR contributor whose work sits at the intersection of consumer psychology, economic disruption, and retail strategy. As an Adjunct Professor at FIT's School of Graduate Studies, she brings both academic rigor and practical foresight to the evolving retail landscape.

**The ground has shifted  
Is your strategy moving with it?**

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